DOCUMENT RESUME

ED 445 596 HE 033 190

TITLE	Moving California Ahead: An Executive Summary Concerning Two Commission Higher Education Long-Range Planning Reports, Providing for Progress and Policy for Progress.
INSTITUTION	California State Postsecondary Education Commission, Sacramento.
REPORT NO	CPEC-00-5
PUB DATE	2000-06-00
NOTE	27p.; For related document, see HE 033 191.
AVAILABLE FROM	California State Postsecondary Education Commission, 1303 J Street, Suite 500, Sacramento, CA 95814-2938; Web site: http://www.cpec.ca.gov.
PUB TYPE	Guides - Non-Classroom (055) -- Opinion Papers (120) -- Reports - Evaluative (142)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Access to Education; Accountability; Computer Uses in Education; Diversity (Student); Economic Factors; *Educational Assessment; Educational Change; Educational Demand; Educational Economics; Educational Finance; Educational Technology; *Enrollment Trends; *Higher Education; Public Colleges; Public Education; *State Boards of Education; State Colleges; State Standards; State Universities
IDENTIFIERS	*California

ABSTRACT

This is an executive summary of two long-range higher education planning reports completed at the outset of the 21st century by the California Postsecondary Education Commission. They are "Providing for Progress: California Higher Education Enrollment Demand and Resources into the 21st Century" and the companion "Policy for Progress: Reaffirming California Higher Education Accessibility, Affordability, and Accountability into the 21st Century." This document draws upon these reports and their respective resources, collecting the major conclusions and recommendations of both to address: California's continued burgeoning growth in higher education enrollment demand and the state's ability to respond; economic trends that will affect both the ability to finance higher education growth and the types of learning and training opportunities offered; how to retain educational excellence while maintaining access for an increasingly diverse student body; and the growing importance of technology in the classroom and education environment. Specific topics covered in this report include a discussion of present and past long-range planning reports, factors influencing the future of California higher education, enrollment projections and capacity, capital outlay costs, economic and fiscal forecasts, and three sets of recommendations: for elected officials and policymakers, for higher education leaders, and for postsecondary oversight agencies. (SM)

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ED 445 596

MOVING CALIFORNIA AHEAD

An Executive Summary

Concerning Two Commission Higher Education Long-Range Planning Reports,
Providing for Progress
and ***Policy for Progress***

C. Ratliff

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CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

JUNE 2000

COMMISSION REPORT 00-5

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Summary

This in an executive summary of two long-range higher education planning reports completed at the outset of the 21st century by the California Postsecondary Education Commission. They are *Providing for Progress: California Higher Education Enrollment Demand and Resources into the 21st Century*, and the companion *Policy for Progress Reaffirming California Higher Education Accessibility, Affordability, and Accountability into the 21st Century*. Together, these two reports bridge the Commission's past work of the past quarter century and its contemporary efforts to move higher education policy forward to embrace the issues of the new century.

In this summary, the Commission has drawn upon these companion reports and their respective resources, collecting in a single document the major findings, conclusions, and recommendations of both. Among other issues, these newly adopted Commission reports address:

- California's continued burgeoning growth in higher education enrollment demand and the State's ability to respond;
- economic trends that will affect both the ability to finance higher education growth as well as the types of learning and training opportunities it will be called upon to offer;
- how to retain educational excellence while maintaihing access for an increasingly diverse student body, and
- the growing importance of technology in the classroom and education environment.

The complete text of the *Providing for Progress* (CPEC 00-1) and *Policy for Progress* (CPEC 00-3) reports contains all Commission assumptions, methodology, resources that underlie this new Commission work. Readers are urged to consult the full text of each for a more complete understanding of the material in this summary. These and other Commission reports are available by calling (916) 445-7933 or via the Commission Website at www.cpec.ca.gov.

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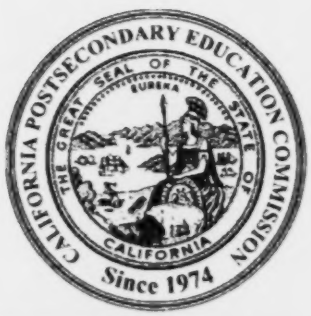
Moving California Ahead

An Executive Summary



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1303 J Street ♦ Suite 500 ♦ Sacramento, California 95814-2938

COMMISSION REPORT 00-5
PUBLISHED MAY 2000

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1 Moving California Ahead; An Introduction

AS THE POLICY DEVELOPMENT and coordinating entity for California higher education, the California Postsecondary Education Commission has produced hundreds of major reports and recommendations over the last quarter century. These Commission studies, reports, and analysis have addressed postsecondary issues, policies, and proposals of vital interest to those who govern the state, administer or teach in its colleges and universities, as well as students and their families.

Nowhere is that challenge greater, or the stakes higher in terms of sustaining the State's future, than in higher education. Demographic changes, economic conditions, educational reforms, progress in preparing students from all groups and locales for college, and other factors will converge to produce historic increases in demand for higher education enrollment.

PROVIDING FOR PROGRESS: CALIFORNIA HIGHER EDUCATION ENROLLMENT DEMAND AND RESOURCES INTO THE 21ST CENTURY.

In that tradition and because of the issues facing higher education today, the Commission recently completed two major interlocking studies: *Providing for Progress: California Higher Education Enrollment Demand and Resources into the 21st Century,* and *Policy for Progress Reaffirming California Higher Education Accessibility, Affordability, and Accountability into the 21st Century.*

Among other issues, these newly adopted Commission reports address California's continued burgeoning growth in higher education enrollment demand and the State's ability to respond; economic trends that will affect both the ability to finance higher education growth as well as the types of learning and training opportunities it will be called upon to offer; how to retain our State's educational excellence while maintaining access for an increasingly diverse student body, and the growing importance of technology in the classroom and education environment. This is a summary of these important new reports.

A pattern for progress: present and past Commission long-range planning reports

In a period of profound social, economic, and demographic change, the work of the Commission has been seminal in helping California implement and evolve its acclaimed Master Plan for Higher Education and to maintain the State's worldwide reputation for access to quality educational opportunities beyond high school. Often, that work has influenced the course of higher education events in the state, helping California to move ahead in a manner that benefits all.

One example of the Commission's past work is the 1995 report, *A Capacity for Growth: Enrollments, Resources, and Facilities for California Higher Education, 1993-94 to 2005-06* (June 1995). It accurately pro-

jected California's dramatically increasing Tidal Wave II demand for enrollment slots at public and private colleges and universities, and examined the State's economic means and political will to finance the facility expansion and change necessary to meet such a challenge.

When Californian voters passed Proposition 1A on the November 1998 statewide ballot to provide some $2.5 billion more in education bond money, the Commission's *Capacity for Growth* analysis was cited as being instrumental in demonstrating the need for this measure.

Another example of the Commission's important past work is *The Challenge of the Century, Planning for Record Student Enrollment and Improved Outcomes in California Postsecondary Education,* also completed in 1995. It contained a number of specific policy recommendations on California higher education and has helped to guide not only the Commission's subsequent work but also figured prominently in the work of others as well. In it the Commission advanced the following vision to guide policy makers and educational leaders:

> California requires a cohesive system of first-rate schools, colleges, and universities -- both public and private -- that is characterized by a clear set of high expectations, collaboration among institutions, and public accountability for institutional performance. Its colleges and universities should continually engage in critical self-examination to determine how teaching and learning can best be improved and institutional efficiencies and productivity enhanced. These institutions must receive adequate levels of financial support to ensure that all Californians who prepare themselves to benefit from instruction have access to educational opportunities that nurture the very best in them. In this way, education can mitigate inequitable differences in family background and prepare all Californians to participate fully in the State's political democracy, contribute to its continually changing economy, and recognize the unique benefits of California's diversity for the creation of ideas and culture.

This vision continued to guide the Commission's new efforts in updating its postsecondary plan through 2010. *Providing for Progress* reexamines California's growing demand for higher education slots in light of contemporary demographic and economic realities. It looks too at the State's current college and university enrollment capacity, both public and private, and its ability to finance continued improvement and expansion of its public postsecondary facilities.

In *Policy for Progress,* the Commission more sharply defined its vision, asserting that students, and nurturing the very best in them, should be at the center of decisions to change or modify higher education institutional policies, practices, pricing, structure, or expansion. The Commission also stated that achieving this vision requires all constituent groups – policy makers, educational leaders, students, parents, and business leaders – to

accept a share of responsibility. It offers a comprehensive set of recommendations to all concerned with and responsible for the continued well-being of higher education in California.

Today, at the outset of a new century, we expect the Commission's latest work to be as much -- if not more -- important or useful to all whom address the challenges that lie ahead for higher education and California at large.

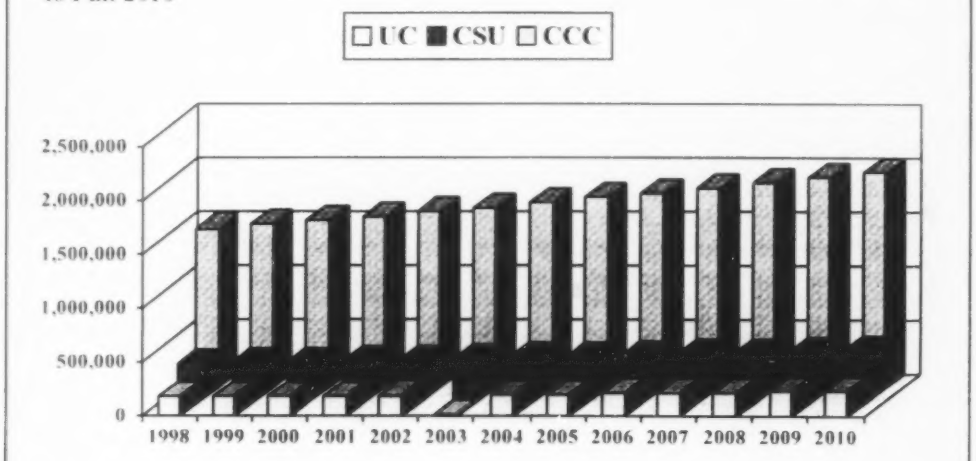
Factors that influence the future of California Higher Education

In completing both new reports, the Commission took into account a number of critical demographic, economic, social, and educational factors that will likely influence significantly the future course of higher education in the state. Among them:

- California's total population now exceeds 33 million and will grow by approximately 600,000 people per year. Coupled with the perception that a college education is essential to future prosperity, such growth has fueled and will continue to fuel steady demand for access to education beyond high school.

Californians are growing simultaneously older and younger. By 2020, those 65 years or older will grow by more than 70 percent for a total of 6,363,390 with the 14-year old and under age categories growing 26.7 percent to a total of 10,574,920 not only will many older citizens seek life-long learning opportunity, but the sheer size of the younger cohort will strain the capacity of the State to provide adequate facilities and numbers of competent teachers needed to prepare students for success in postsecondary education and for gainful employment in California's economy.

Estimated Enrollment Demand to Public Colleges and Universities, Fall 2000 to Fall 2010



Source: CPEC staff analysis.

- California will attain soon the distinction of being the first mainland state in which no racial/ethnic group represents 50 percent or more of the population. This diversity also presents significant challenges to California's public schools, colleges, and universities where many students do not speak English as their primary language.
- California also has considerable diversity in the distribution of income among households. The trend is for growing income inequality in different households. Since 1969, the average household income of families in the 10th percentile declined by more than 22 percent between 1969 and 1997 while the average household income of families within the 90th percentile increased by nearly 49 percent.

It is likely that the present technological and communications revolution will bring further changes at a rapid pace, and just when the policy leadership faces all of the usual challenges associated with demographic and economic expansions. Yet, in spite of the challenges to be faced in the next decade, the Commission believes there are many reasons for Californians to be optimistic. As great as the challenge is of finding the necessary resources to meet the Tidal Wave II enrollment demand, there is ample reason to believe the resources will be present to do the job.

PROVIDING FOR PROGRESS: CALIFORNIA HIGHER EDUCATION ENROLLMENT DEMAND AND RESOURCES INTO THE 21ST CENTURY.

- The Commission's work shows that more students than in the past – across all racial/ethnic and gender groups – are completing college preparatory courses. However, major disparities continue to exist among distinct groups of high school graduates: White graduates are twice as likely to achieve university eligibility as their Black and Latino counterparts; Asians are twice as likely to achieve university eligibility as Whites, and suburban high school graduates achieve university eligibility at higher rates than do rural or urban graduates.
- California's economy is considerably improved over that of the 1990's and has fueled/generated renewed confidence in California's future, and a resurgence of population growth. The strong current economic recovery that will likely continue into the first half-decade of the 21st century.
- High quality educational opportunity is key to the public optimism in the California economy and is reflected in the steady demand for education beyond high school.
- California's present economic recovery provides an opportunity to pursue goals and make investments that were not economically feasible in the recent past. Such investment, both one-time and ongoing could improve the quality of learner outcomes, update instructional support equipment, reduce deferred maintenance backlogs for campuses, install educational technology infrastructure, and ensure adequate numbers of fully credentialed teachers in our schools.

- Increased use of technology is affecting all phases of life, including education and employment opportunities. Nearly all California schools, colleges, and universities are using the Internet, as well as other forms of technology, to enhance teaching and learning, to squeeze greater efficiencies from administrative operations, and to reduce inequities in access to current knowledge by students throughout the state.

- While access to technology and use of the Internet has increased nationally, it has not increased equally for all groups.

Moving California higher education ahead

It is fitting that the two new reports which are the foundation of this report – *Providing for Progress* (CPEC report 00-1) and *Policy for Progress* (CPEC report 00-3)– were adopted at the last meeting of the Commission in 1999 and the first Commission session in 2000 respectively. Together, they bridge the Commission's work of the past quarter century with its contemporary efforts in moving California higher education policy ahead to embrace the issues of the new century.

In this summary, the Commission has drawn upon those reports and their respective resources, collecting in a single document the major findings, conclusions, and recommendations of both reports. The complete text of each report contains all Commission assumptions, methodology, resources that underlie the Commission's new work. Readers are urged to consult the full text of each report for a more complete understanding of the Commission's work. These and other Commission reports are available by calling (916) 445-7933 or via the Commission Website at www.cpec.ca.gov.

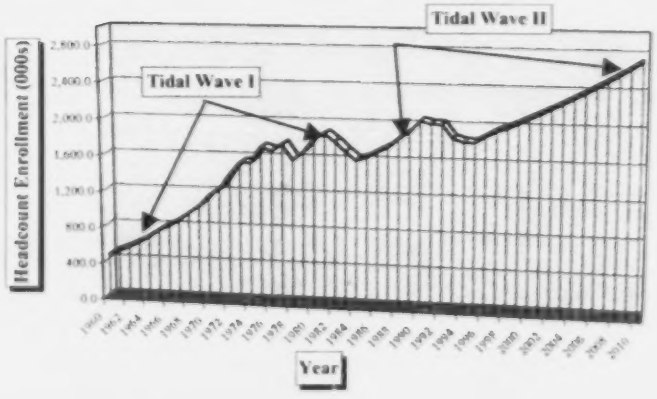
In the sections that follow, information is provided about *Providing for Progress* and the issues of enrollment demand, institutional capacity, and higher education capital outlay funding. In many ways, the findings and conclusions set the stage for *Policy for Progress* and the topics of continued accessibility, affordability, and accountability in California's public higher education systems. Because of their public funding, the primary focus of the two reports is the State's three public systems of postsecondary education -- the California Community Colleges, California State University (CSU), and University of California (UC). Therefore, the majority of the findings, conclusions, and recommendations cited here deal with those public institutions. However, sections of both reports and, therefore, some of the findings and recommendations, are devoted to State-approved postsecondary and vocational institutions and to the independent colleges and universities that are located in California.

2 Providing for Progress

BUILDING ON THE WORK it had completed on higher education enrollment demand half a decade before, the Commission devoted considerable staff resources in 1999 to updating those findings. Following a series of Commission hearings, discussions, and workshops over the latter half of the year, the Commission adopted *Providing for Progress: California Higher Education Enrollment Demand and Resources into the 21st Century* at its meeting in December 1999. The complete report -- which contains all supporting analytical material -- is available from the Commission at (916) 445-7933 or via the Commission Website at www.cpec.ca.gov. In that report, the Commission stated that California now:

> ...faces the certainty of phenomenal demographic growth and change in an environment of prospective continued economic prosperity. Policy makers will be challenged in every quarter to anticipate and respond to these conditions. Decisions made today will shape the lives of all Californians tomorrow.
>
> Nowhere is that challenge greater, or the stakes higher in terms of sustaining the State's future, than in higher education. Demographic changes, economic conditions, educational reforms, progress in preparing students from all groups and locales for college, and other factors will converge to produce historic increases in demand for higher education enrollment.

Headcount Enrollments in California Public Higher Education, 1960 to 1997, and Projected Enrollments, 1998 to 2010



Source: Department of Finance, Demographic Research Unit; Smelser, 1974; CPEC staff analysis

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The report said that the central question is whether California postsecondary enrollment growth will be "...moderate and steady by historical standards" as some contend, or be the "Tidal Wave II" of burgeoning demand, on an order of magnitude exceeded only by the historic growth in the postwar years, cited by former University of California President Clark Kerr. The Commission concluded that, as California enters the 21st century, it must prepare for an enrollment surge in higher education similar to that of post-World War II veterans and Baby Boom-era students. That surge became known as the higher education enrollment "Tidal Wave" that rolled through California colleges and universities from the 1950s through the 1960s and 70s. Further, the Commission found that, not only is the subsequent "Tidal Wave II" of college and university enrollment demand real, it is upon us already.

In *Providing for Progress*, the Commission now:

- Projects an increase of 714,753 students by 2010 (a 12-year period starting in 1998);
- Concludes, from official State demographic data, that this will be the most diverse group of students in California history;
- Concludes that additional public higher education capacity will be needed across the board before the end of the decade; and
- Projects that California should spend up to $1.5 billion every year for the next 10 to 12 years to meet the capital outlay need associated with these enrollment demand increases.

In the immediate future, the Commission cited the twin booms – in enrollment demand and economic growth – as presenting a challenge to policy makers and educators that is unique in most lifetimes: to find a way to enroll the new tidal wave of students, to spend probable budget surpluses wisely to find ways to do business differently, and to bring about changes in both economic and educational cultures occasioned by technology's overwhelming effects on everyone's lives. The Commission believes that this era encompasses not only the trials occasioned by growth, but one of those exceedingly rare windows of opportunity where resources grow at such rates that one generation is given the chance to build a solid foundation for the next.

More than anything, this era encompasses not only the trials occasioned by growth, but one of those exceedingly rare windows of opportunity where resources grow at such rates that one generation is given the chance to build a solid foundation for the next.

PROVIDING FOR PROGRESS: CALIFORNIA HIGHER EDUCATION ENROLLMENT DEMAND AND RESOURCES INTO THE 21ST CENTURY.

The Commission is optimistic about the ability of the State to provide the resources necessary to meet the Tidal Wave II enrollment demand, finding that California's ability to respond financially to this challenge is strengthened by a strong and resilient economy that has produced a surplus in the 2000-01 State budget that likely will exceed $12 billion.

The Commission also pointed out that the current general obligation bond issue, Proposition 1A, is for $2.5 billion in capital outlay funding over a four-year period that ends with the 2001-02 fiscal year. It provides the three public systems with $625 million in funding per year, far short of the need now identified by the Commission. When these resources are expended, the Commission believes it is likely that a new issue in November 2002 will be offered for a vote. Related issues include:

- A large reservoir of unused debt capacity for community colleges at the local level because of the great difficulty in achieving a two-thirds vote now required for bond approvals;
- A change from the requirement for a super-majority and requiring a 50-50 match between the State and local community college districts might add several hundred million dollars to the available pool of funds, and virtually close the gap between the need and the available resources;
- The Commission's assessment that, given the fiscal projections it has made for the State, a future bond between $4 and $5 billion would not strain California's ability to pay off the debt.

Based on the analyses in *Providing for Progress,* the Commission made a number of specific findings which are set forth below.

Enrollment projections

- California faces a powerful enrollment demand surge in the coming decade that is generally referred to as "Tidal Wave II." Between 1998 and 2010, the Commission anticipates an increase of 714,753 students (35.8 percent) prepared to seek enrollment at all levels in the public higher education sector. Undergraduates will account for about 95.2 of this demand. Undergraduate demand will total over 2.25 million by 2005, before climbing to 2.57 million by 2010.
- This will be the most diverse student body in State history with respect to academic and career interest, demographic makeup, socioeconomic status, and preferred learning style. Representation of Latino and Asian students should increase significantly due primarily to their projected population growth. The numerical representation of African American and Native American students in higher education will increase substantially, although their proportional representation will remain virtually unchanged.
- About 72.3 percent of the increase, or 516,801 students, will result from population growth and changes in the class size of public high school graduates. The remaining 27.7 percent, or 197,952 students, will result from improved college participation rates.
- Each public higher education system will experience substantial enrollment demand growth: 528,918 (35.9 percent) at the com-

munity colleges; 129,681 (37.1 percent) at the CSU; and 56,154 (32.4 percent) at the UC.

- The independent sector may continue to account for a substantial portion of student demand among four-year colleges and universities as well.

Enrollment capacity

- California public higher education has some current excess capacity. However, to accommodate all who would desire to enroll, it must expand capacity and sooner rather than later. Some ways of so doing are to build new facilities, use existing facilities more efficiently, expand the use of educational technology, or combine all these approaches.

- The UC is at capacity now, and will need space for an additional 49,329 full-time equivalent (FTE) students by 2010-11. The CSU has excess capacity for an additional 13,982 FTE students that will be gone by 2002-03. By decade's end, CSU will need space for an additional 68,416 students. The community colleges have excess capacity for 73,272 FTE students, which will be filled by 2002-03. Thereafter, the community colleges will need capacity for an additional 226,518 students. California's independent colleges and universities are growing rapidly too, although reported to now have about 23,000 unfilled student spaces, with another 12,300 spaces opening by 2010.

- California's public higher education system has 116.7 million overall assignable square feet of space on 137 campuses, plus several dozen permanent educational centers: 45.6 percent at UC, 23.8 percent at CSU, and 30.6 percent in the community college. Classrooms and teaching laboratories, comprise 5.9 percent of the space at UC, 23.5 percent at CSU, and 44.5 percent of the community college space.

- Existing formulas that determine enrollment capacity in California public higher education appear obsolete. The CSU is engaged in a promising effort to revamp facilities planning and administration.

- The Commission's estimates of unused capacity take into account a "mismatch problem." Among other factors, this reflects the fact that a perfect fit seldom exists between facilities and students, as some facilities exist at underutilized campuses.

Capital outlay costs

- The Commission estimates that California must spend $1,502.9 million per year for each of the next 10 to 12 years, and quite possibly longer, both to maintain the existing physical plant, and to provide for the expected strong enrollment demand. The annual needs in the three public systems of public higher education are as follows: UC – $618.1 million; CSU – $358.7 million; the community colleges – $526.1 million.

- Campus construction and renovation costs have risen since 1995. The Commission estimates that the cost of new construction at UC will be $525 per assignable square foot (ASF), with renovation costs at $240 per ASF. Comparable costs at CSU are $390 and $240, respectively; costs at the community colleges are estimated at $350 and $210, respectively.

- The Commission's estimated cost of maintaining the existing higher education physical plant is now $681 million per year and, due to the factors noted above, are up significantly since 1995.

- Between 1998-99 and 2010-11, the Commission now estimates that California public higher education will need to spend $821.4 million per year for enrollment growth, including the large initial expenditures for the new UC Merced campus. This was estimated at $400 million per year in 1995.

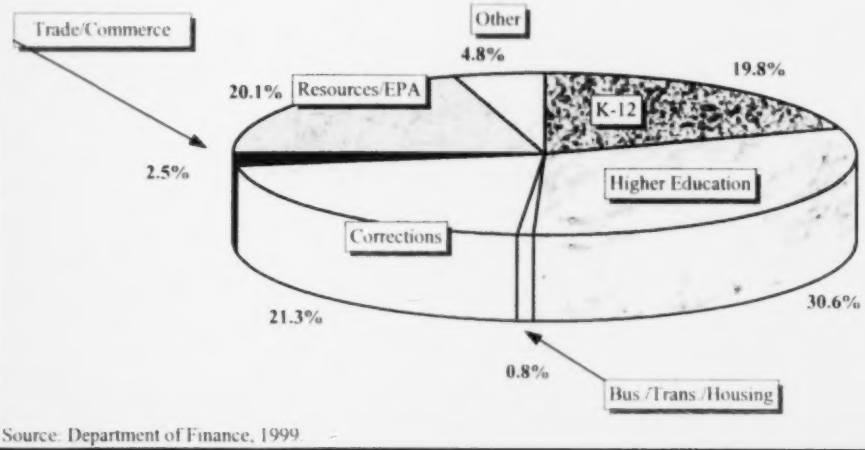
Economic and fiscal forecast

- California is in the midst of an economic boom that may be unprecedented in its history. It has produced multi-billion dollar surpluses in the State treasury for the past several years, and promises to deliver more such surpluses in the future.

- Most recent economic forecasts, including the Commission's 1995 projection, are conservative. However, a few economists and other analysts suggest that there is a confluence of demographic and technological factors that are reinforcing each other to produce the current level of growth in national Gross Domestic Product (GDP), which is averaging about four percent per year when adjusted for inflation.

- Since 1994, the national and State economies have been marked by both strong growth and low inflation that, historically, is an

Ten-Year Projected Shares of Capital Outlay Spending as Reported by the Department of Finance, 1999-00 to 2008-09



Source: Department of Finance, 1999

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unusual combination. The strong probability is that this has been made possible by extremely strong productivity gains created by personal computers running sophisticated software, and by a telecommunications revolution of which the Internet is the centerpiece. The productivity gains measured by the Department of Commerce may be, like those for GDP, underestimates of the real gains.

- The Department of Finance has projected national GDP growth for the next 10 years at 2.5 percent, which is close to the consensus forecast. The Department's California General Fund growth assumptions relate closely to this national rate, and average 5.4 percent per year between 1998-99 and 2010-11. The Commission believes that it is much more likely that real GDP growth will be close to four percent, and that General Fund growth will, accordingly, be greater than currently predicted, producing surpluses through at least 2008, and perhaps longer. The Commission believes it is likely that the General Fund will grow, at least through 2008-09, at a rate of 6.5 percent per year.

Debt capacity

- A 1999 State Treasurer report, *Smart Investments*, suggests that California's current ability to finance general obligation bonds and other debt instruments has grown because of the strong economy. There have been 11 elections for general obligation bonds in the past three decades, of which eight have passed. In general, the losing measures came during recessions or periods of economic uncertainty (1976, 1990, 1994). The size of the bond issue appears to bear no relation to the outcome of the election.

- As a general rule, California should not permit debt service (principal and interest repayments on bonds and related debt issues) to exceed 6.0 percent of General Fund revenues. Present debt service is 3.8 percent, based on 1999-00 revenue projections. Following this rule, and based on the Commission's revenue projections, California could sell over $5 billion in General Obligations bonds each year, assuming voter approval, an amount exceeding the total indicated necessary by State agencies, excluding the State Department of Transportation.

- The State Treasurer notes in that report that selling sufficient bonds to raise the debt service to 5.0 or 6.0 percent might place undue burdens on the General Fund, recommending that California limit itself to selling between $3 and $3.5 billion in bonds per year. However, with the Commission's expanded General Fund projections and a modest expansion of debt service levels, it appears that California could afford annual bond sales of $4.5 billion.

- Because public higher education's share of total statewide capital outlay need, excluding transportation, is between 20 and 25 percent, the three systems could expect to receive about $1 billion per year, assuming voter approval of the bond issues at these projected levels.

3 Policy for Progress

Policy for Progress: Reaffirming California Higher Education Accessibility, Affordability, and Accountability into the 21st Century incorporates the findings and analysis of its companion report, *Providing for Progress*. It sets forth a cohesive set of higher education policy recommendations for the future to help guide elected officials, educational leaders, and oversight or educational coordinating agencies. It also discusses a number of other factors that influence the current discussion, including dramatic changes in the State's demography and diversity, the evermore important role of technology in higher education and elsewhere, and an economy that currently produces expanded economic resources for public education undertakings while also creating new employment demands and opportunities for all who pass through our institutions of higher education. The complete report -- which contains all supporting analytical material -- is available from the Commission at (916) 445-7933 or via the Commission Website at www.cpec.ca.gov.

High quality educational opportunity is key to the public optimism in the California economy and is reflected in the steady demand for education beyond high school. Indeed, much of the strength of California's economy can be attributed to the existence of, and commitment to, high quality educational institutions, particularly its public colleges and universities. These institutions are complemented by an array of outstanding independent colleges and universities throughout the state.

POLICY FOR PROGRESS REAFFIRMING CALIFORNIA HIGHER EDUCATION ACCESSIBILITY, AFFORDABILITY, AND ACCOUNTABILITY INTO THE 21ST CENTURY.

Recommendations

The recommendations in *Policy for Progress* are divided into the three intended groups: (1) elected officials and policy makers, (2) higher education leadership; and (3) the Commission and other coordinating entities. They focus on education accessibility, affordability, and accountability and are as follows in the next section.

Recommendations for California elected officials and policy makers

Accessibility

- Invest in elementary and secondary school improvement
- Assess progress in adopting school performance standards and assessment, and encourage and support stronger teacher education programs.
- Continue support for outreach activities by public colleges and universities.
- Search actively for ways in which high school graduates can be provided access to postsecondary education institutions that best fit their interests and abilities.

- Conduct informational legislative hearings on the progress of the Bureau for Private Postsecondary and Vocational Education (BPPVE) in implementing the provisions of the Private Postsecondary and Vocational Act.

Affordability

- Link State funding for public higher education with the undergraduate enrollment it is intended to support.
- Increase appropriations for Cal Grants so that the State's goal of providing new awards equivalent to one-quarter of the total number of public high school graduates annually is achieved
- Develop a policy regarding funding requirements for institution-administered aid programs, including the portion that should be funded by the State. In addition, the California State University (CSU) and the University of California (UC) should develop clear definitions of the purpose, funding, and uses of institutional grant support and how those institutional grant programs differ from and complement the State Cal Grant program
- Seek to develop consensus for General Fund support of scheduled and deferred maintenance.
- Invest in technology initiatives that improve student learning, enhance access, and/or increase institutional productivity.

Accountability

- Identify specific outcome areas in which CSU and UC should provide evidence of institutional performance and condition future investment on maintaining or increasing performance in each area.
- Request California independent colleges and universities to provide evidence of institutional performance similar to that requested of public colleges.
- Require the community colleges and the CSU -- and request UC and Independent colleges and universities -- to submit annual performance reports to the California Postsecondary Education Commission for its review and comment.

Recommendations for California Higher Education Leadership

Accessibility

- Expand collaborative efforts to ensure consistent levels of rigorous academic instruction for every elementary and secondary school student.
- Each sector of regionally accredited higher education should assign greater weight to teaching excellence and school collaboration in the faculty retention, tenure, and promotion (RTP) process.

- All systems and sectors of regionally accredited higher education should regularly collect data on institutional effectiveness in facilitating student achievement, including placement data and success of its graduates in meeting external certification and professional licensure examinations.

- The CSU and the UC should initiate a validation study of their respective admissions criteria.

- Selection by the community colleges, from the several definitions of "transfer-eligible" students, of a single definition for purposes of developing a methodology for estimating annually the size of this student pool.

- Review, by the community colleges, CSU, and the UC, of their respective transfer plans to identify ways in which the transfer process can be simplified and made more effective for students. Where appropriate, modifications should be made to accomplish this goal and to ensure compatibility between and among each system's plan. Additionally they should each prepare 10-year plans to expand their capacity by establishing an FTES enrollment goal they will strive to accommodate through technology mediated teaching and learning opportunities

- Urge California's independent colleges and universities to report how many more Californians they can accommodate, and define the distribution of such capacity statewide by location and type of institution

Affordability

- Seek to identify and implement strategies to permanently reduce or retard growth in costs of higher education in all sectors.

- Adopt the practice of all higher education institutions providing students information on the institutional costs of providing a quality educational experience in relationship to the tuition and fees (sticker price) being charged to students.

- Seek ways to reduce expenditures in any year in which mandatory tuition and fees (sticker price) are increased by a percentage that exceeds the average percentage increase in per capita personal income.

Accountability

- Declare the mission-specific goals and performance standards that each public college and university system and regionally accredited independent college or university seeks to achieve. To provide for statewide coordination and compatibility, review and comment should be sought from the Commission prior to finalizing performance goals for each of the public systems.

Recommendations for the Postsecondary Education Commission and Oversight Agencies

The California Postsecondary Education Commission should:

Accessibility

- Seek funding to conduct a study, on a regular four-year cycle, of the extent to which California high school graduates attain CSU and UC eligibility.
- Assess the effectiveness of CSU and UC efforts to increase eligibility of high school graduates among populations that have a history of low eligibility rates.
- Request 10-year enrollment plans, including estimated capital outlay needs, from each of the public systems on a biennial basis.

Affordability

- Request the governing boards of the community colleges, CSU, and the UC to gather systematically socio-economic data on all enrolling students and report those data annually to Commission.
- Assess whether the goal of providing new Cal Grant awards equal to 25 percent of the high school graduating class remains an appropriate goal.

Accountability

- Review and comment on the mission-specific goals and performance standards adopted by each system.
- Reconstitute its advisory committee to review the indicators in its annual performance indicators report as well as the data that will be included in system accountability reports to align them and eliminate duplication.
- Review and comment on annual postsecondary education systems' accountability reports.
- Review and analyze other states "pay for performance" initiatives and develop a pilot proposal for California.
- Provide policy and programmatic guidance to the State in setting academic standards and review procedures that establish and maintain integrity of private postsecondary education institutions operating in California.

California Student Aid Commission should:

Affordability

- Calculate annually the funding required for the State to meet its goal of providing new Cal Grant awards equal to one-quarter of the public high school graduates.
- Request funding to complete a Student Expense and Resources Study (SEARS) on a regular, periodic basis.

Accountability

- Evaluate, with the Commission, whether increased Cal Grant funding has expanded access and improved affordability of enrollment at independent colleges and universities in California.
- Initiate an evaluation of the Cal Grant program effectiveness in facilitating student achievement.

The Bureau of Private Postsecondary and Vocational Education should:

Accessibility

- Expedite efforts to organize its staffing and operational procedures to instill confidence in the integrity of the academic degrees offered and the quality of vocational training provided by institutions it approves.

Accountability

- Be required to provide annually to the Commission data on specific outcomes required to be reported to the Bureau pursuant to Education Code §94808 by academic degree-granting institutions approved to operate in California.

4 Conclusions

As it enters the 21st century, California must prepare for an enrollment surge in higher education that has only one meaningful precedent in its history: the great demand of post-World War II and "Baby Boom" entrants that became known as the enrollment "Tidal Wave." That group swelled the public campuses and led to the creation of dozens more in the three systems.

Change is seldom easy but it is particularly difficult to embrace in an environment of generous, if not plentiful, fiscal resources. However, the Commission believes this is precisely the time when California's educational leaders and elected officials should plan and critically examine various strategies for achieving improved student and institutional outcomes – a time when there is no crisis that must be addressed. Two facts support this assertion: California's overall population will continue to grow throughout the next decade and the current economic boom will eventually subside. Careful planning will assure that actions are taken today that position California to better manage the challenges it will face when these two factors converge.

POLICY FOR PROGRESS REAFFIRMING CALIFORNIA HIGHER EDUCATION ACCESSIBILITY, AFFORDABILITY, AND ACCOUNTABILITY INTO THE 21ST CENTURY.

As documented in Commission's *Providing for Progress* and *Policy for Progress* reports, California once again faces a huge challenge in higher education. We must respond to surging demand for higher education accessibility by an increasingly diverse student body; must maintain a tradition of affordability; and, concurrently, ensure both the excellence and accountability of that educational system.

The State's social and economic health rests on the outcome of our efforts. The Commission trusts that the present generation of policy makers will exercise as much stewardship as those of previous eras. However, if they are to do so, they must be given a clear picture of the challenges ahead. That was the primary purpose of these two reports. Together they define the challenge as well the resources that will be available to meet it, and provide recommendations for policy measures that will help implement the necessary change. The Commission is optimistic about California's ability and willingness to meet this new challenge.

The current general obligation bond issue, Proposition 1A, provided $2.5 billion in capital outlay funding over a four-year period that ends with the 2001-02 fiscal year. That amount provides the three public systems with $625 million in funding per year, far short of the need identified by the Commission.

When those resources are expended, it is likely that a new bond issue will be offered for a vote, perhaps as early as November 2002. If it is a four-year offering, the Commission believes the amount should be for a minimum $4 billion, to be expended at the rate of approximately $1 billion per

year. If the requirement for two-thirds for community college elections cannot be relaxed, then the Legislature should consider a larger bond issue of about $5 billion. Given the fiscal projections contained in these reports, the State's ability to pay off this debt should not be unduly strained.

The Commission also recognizes that recent advances in information technology and digital electronics are creating exciting and unprecedented opportunities for enhancing teaching and learning at all instructional levels. Although distributed learning arrangements, in particular, are providing students with greater flexibility and options for completing their educational goals, statewide planning efforts are needed to tie such arrangements to the student access challenges resulting from the burgeoning growth in new student demand. Enrollment issues facing higher education must be addressed by a combination of expanded physical facilities, increased uses of existing physical resources, and greater use of information technology.

California's Master Plan for Higher Education has rested for almost 40 years on a tripod about which there has been a wide and resilient consensus: accessibility, quality, and affordability. In good times and bad, California has rallied to preserve its education excellence while expanding access. For example:

- During past college enrollment demand surges, State resources have been arrayed to build the necessary facilities.
- When recessions have necessitated resource reductions that have an impact on quality, California has always found a way to recoup before permanent damage was done.
- When student fees escalated rapidly – usually due to economic reversals – California has greeted better times with fee reductions or a refusal to impose further increases.

In the immediate future, the two booms – in enrollment demand and economic growth – offer a challenge to policy makers and educators that is unique in most lifetimes. California must not only find a way to enroll the new tidal wave of students and to spend probable budget surpluses wisely, it also must find ways to do business differently, to bring about changes in both economic and educational cultures occasioned by the increasing effect of technology on nearly all phases of our lives.

This era encompasses not only the trials occasioned by growth, but one of those exceedingly rare windows of opportunity where resources grow at such rates that one generation is given the chance to build a solid foundation for the next, one the Commission hopes this opportunity will be seized and administered with great wisdom and courage.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature.

Members of the Commission

The Commission consists of 16 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. Five others represent the major segments of postsecondary education in California. Two student members are appointed by the Governor.

As of June 2000, the Commissioners representing the general public are:

Guillermo Rodriguez, Jr., San Francisco; Chair
Alan S. Arkatov, Los Angeles; Vice Chair
Carol Chandler, Fowler
Lance Izumi, San Francisco
Kyo "Paul" Jhin, Malibu
Jeff Marston, San Diego
Andrea Rich, Los Angeles
Howard Welinsky, Culver City
Melinda G. Wilson, Torrance

Representatives of the segments are:

Kyhl Smeby, Pasadena; appointed by the Governor to represent the Association of Independent California Colleges and Universities;

Roger Schrimp, Modesto; appointed by the Board of Governors of the California Community Colleges;

Monica Lozano, Los Angeles; appointed by the California State Board of Education;

Ralph Pesqueira, San Diego; appointed by the Trustees of the California State University; and

Velma Montoya, Los Angeles; appointed by the Regents of the University of California.

The two student representatives are:

Robert A. Hanff, Northridge
Vacant

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them. Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it discusses and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of Executive Director Warren Halsey Fox, Ph.D., who is appointed by the Commission.

Further information about the Commission and its publications may be obtained from the Commission offices at 1303 J Street, Suite 500, Sacramento, California 98514-2938; telephone (916) 445-7933; web site www.cpec.ca.gov.

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Moving California Ahead: An Executive Summary

Commission Report 00-5

ONE of a series of reports published by the California Postsecondary Education Commission as part of its planning and coordinating responsibilities. Summaries of these reports are available on the Internet at http://www.cpec.ca.gov. Single copies may be obtained without charge from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938. Recent reports include:

1998

98-7 *California Postsecondary Education Commission Workplan, 1999 and Beyond* (December 1998)

98-8 *Performance Indicators of California Higher Education, 1998: The Fifth Annual Report to California's Governor, Legislature, and Citizens in Response to Assembly Bill 1808 (Chapter 741, Statutes of 1991)* (December 1998)

98-9 *Toward a Unified State System: A Report and Recommendations on the Governance of the California Community Colleges* (December 1998)

1999

99-1 *Recommendations on Strategies to Enhance the Delivery of Health Care to All Californians: The Commission's Response to Senate Concurrent Resolution 23* (April 1999)

99-2 *Opening the Central Valley: A Review of the Board of Regents' Proposal to Build the University of California at Merced* (June 1999)

99-3 *A Bridge to the Future: Higher Education Planning for the Next Century* (September 1999)

99-4 *Fiscal Profiles, 1999: The Ninth Annual in a Series of Factbooks About the Financing of California Higher Education* (October 1999)

99-5 *Student Profiles, 1999: The Latest in a Series of Annual Factbooks About Student Participation in California Higher Education* (December 1999)

2000

00-1 *Providing for Progress: California Higher Education Enrollment Demand and Resources into the 21st Century* (February 2000)

00-2 *Performance Indicators of California Higher Education, 1999: The Sixth Annual Report to California's Governor, Legislature, and Citizens in Response to Assembly Bill 1808 (Chapter 741, Statutes of 1991)* (February 2000)

00-3 *Policy for Progress: Reaffirming California Higher Education Accessibility, Affordability, and Accountability into the 21st Century* (April 2000)

00-4 *The Condition of Higher Education in California, 2000* (April 2000)

00-5 *Moving California Ahead: An Executive Summary* (June 2000)

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